



INTERNATIONAL
COFFEE
ORGANIZATION



Annual Review

2016/17

Front cover

Winner of the International Coffee Day Photo
Competition 2017, Márcio Amaro Lobo de Oliveira,
Rio de Janeiro, Brazil: 'Coffee for you and me at the
top of Pedra da Gávea, in Rio de Janeiro'

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Highlights from the year

WORLD COFFEE PRODUCTION IN CROP YEAR 2016/17

157.4 million bags

↑ **3.4%** higher than last year.



More than three million people in Cameroon earn their living, directly or indirectly, from activities related to coffee.

ICO'S KEY ACTIVITIES FOR 2017/18

- Providing high quality statistical information
- Engaging with Members and third parties
- Facilitating coffee sector development projects
- Promoting consumption.

ICO MEMBERS



In 2016 the average coffee consumption in Italy was 3.1 cups a day. 1.3 in terms of 'out-of-home' consumption and 1.8 related to 'at home' consumption.

Find out more in this year's country coffee profile on Italy.



Coffee is a powerful instrument for social good. We owe it to the more than 120 million people whose livelihood depends on coffee to work together in this Organization to give them a better future.

Mr José Sette, ICO's new Executive Director, addressing the 119th International Coffee Council in March 2017.

37 projects

US\$100.3 million invested

As of 30 September 2017, 37 projects, with a total value of over US\$100 million, have received funding from the Common Fund for Commodities, from bilateral and multilateral donor institutions in the form of co-financing, and from beneficiary countries in the form of counterpart contributions.

Our Mission

The International Coffee Organization (ICO) is the main intergovernmental organization for coffee, bringing together exporting and importing Governments to tackle the challenges facing the world coffee sector through international cooperation.

Our Members represent the Governments of 98% of the world's coffee producing countries and 83% of consuming countries. We endeavour to make a positive and practical contribution to the development of a sustainable world coffee sector and to reducing poverty through the three Strategic Objectives, outlined below.

Achieving these goals means working with our partners in the public and private sectors, collaborating across civil society and Member governments, and engaging beneficiaries and stakeholders, including consumers.



**Delivering world-class data, analysis and information
to the industry and policy-makers**



**Providing a forum for dialogue between and within
the public and private sectors**



**Facilitating development projects and promotion
programmes through public-private partnerships**

Foreword by the Chair of Council

I was greatly honoured to have the opportunity to chair the International Coffee Council during coffee year 2016/17. It was a challenging year, not only for the world coffee community but notably also for the International Coffee Organization.

Most significant was the sad and untimely passing of former Executive Director, Mr Robério Oliveira Silva. I was heartened by the outpouring of support and the deep sense of connection within the international coffee community. Further, as we undertook the important task together of selecting his successor, I was proud to be part of the cooperative spirit that Members displayed throughout the process. Following that consensus-driven process, Members of the International Coffee Organization (ICO) appointed Mr José Sette to lead the Organization over the next five years. I wish Mr Sette all the best in his role as Executive Director of the ICO.

Another major development in this coffee year was the comprehensive strategic review of the Organization, which subsequently led to the adoption of a Five-Year Action Plan. I would like to commend the efforts of the Working Group on the Strategic Review, which demonstrates a commitment to ensure that the Organization continually strives to deliver the best possible service to its Members and to all parties along the coffee value chain.

Although we were sad to say goodbye to Berners Street after 54 years, this year also saw the move of the ICO Secretariat headquarters to 222 Gray's Inn Road in London, a venue which will make substantial savings to the running costs of the Organization.

While other priorities made me unable to chair the 120th Session of the International Coffee Council in Yamoussoukro (Côte d'Ivoire), I congratulate the Vice-Chair of the Council, Mr Aly Touré, for his leadership. Among other developments, the week of meetings was marked by the signing of Memoranda of Understanding between the ICO and the African Fine Coffees Association, as well as with the Global Coffee Platform. These are two welcome initiatives to further strengthen the global coffee sector through international cooperation.

I would like to thank all Members of the ICO for their hard work and commitment during coffee year 2016/17, and also thank the ICO Secretariat for their support and dedication to the work of the Organization.

Finally, I wish the incoming Chair, Mr Aly Touré, of Côte d'Ivoire, every success in the next coffee year.

Tanya Menchi

Chair of the International Coffee Council 2016/17
Director of WTO and Multilateral Agricultural Affairs
Office of the U.S. Trade Representative

Message from the Executive Director



Coffee year 2016/17 began on a sad note with the untimely passing of my old friend Robério Oliveira Silva, then Executive Director of the ICO, in December 2016. A special Council session took place in January 2017 to

start the process of finding his replacement, and I was honoured to be selected as Executive Director in March, with the opportunity to build on the achievements of Mr Silva, who is greatly missed.

Prior to taking up my role, a Working Group on the Strategic Review of the ICO had been established to draft a Five-Year Action Plan fit to guide the future work of the Organization and help maintain the relevance of the ICO in a constantly changing coffee market. I am confident that our new Five-Year Action Plan, approved at the September Council Session, will help to ensure that the ICO is not only effective and agile, but can make a positive contribution to the achievement of the Sustainable Development Goals of the United Nations, through a sustainable and inclusive global coffee sector.

Looking back at the market during coffee year 2016/17, price movements displayed a downward trend. Although prices were higher on average than in the previous coffee year, they were unable to increase more significantly due to the shift of stocks from exporting to importing countries, which provided roasters with a buffer against any short-term supply constraints. Meanwhile, the fall in prices continued to cause setbacks to the producing sector in many countries, raising concern over the long-term economic sustainability of coffee cultivation.

During my first months in office, I had the pleasure to present at events in Brazil, Colombia and Mexico, and to talk to growers, producers and policy makers. Here I emphasized the importance of coffee to economic development and the important role the ICO has to play to strengthen the global coffee sector and promote its sustainable expansion for the betterment of all participants. In coffee year 2017/18 I intend to scale up our engagement with and commitment to our Members, not only to continue to gain first-hand knowledge of the issues being faced by our Members, but to bring the Organization closer to them. In addition, we will continue to build partnerships with other international organizations, the private sector and civil society to bolster the sustainability of the world coffee sector.

I am grateful to Members for their unwavering support and commitment to strengthening the ICO. At a time when the coffee sector is facing many challenges, I particularly welcome all feedback on the role, functioning and structure of the Organization.

The support of Members is also shown by a willingness to host ICO events, which represent a unique opportunity for Members to showcase their coffee sector. I wish to thank the Government of the Republic of Côte d'Ivoire for hosting the 120th Session of the International Coffee Council and associated meetings, held from 25 to 29 September 2017 in Yamoussoukro.

I also want to thank the Vice-Chair of the International Coffee Council, Mr Aly Touré of Côte d'Ivoire, as well as the Chairs of the ICO advisory and consultative bodies, for their hard work and dedication. Although unable to preside over the September Council Session due to changes in her professional responsibilities, Ms Tanya Menchi of the United States made a vital contribution to the Organization in this coffee year by leading the selection process for a new Executive Director. Her diplomatic skills and impartiality were crucial to achieving consensus on such matters of vital importance for the Organization.

I would also like to express my sincere gratitude to the staff of the Organization for their support throughout this critical coffee year. Their dedication has been instrumental to the ICO's relevance and success, and I am confident that their commitment will continue to be the pillar that supports the work of the Organization in coming years.

As we move into a new coffee year, it is important to reflect that while coffee consumption continues to rise, at the other end of the value chain coffee growers are struggling and need the motivation to grow the beans to meet increasing demand. Current prices are not sufficiently appealing to many of them. My priority and utmost concern, and that of the ICO, is that all links in the coffee value chain – public and private – must work together to help make coffee more sustainable, especially in economic terms. Coffee has a bright future, but all of us need to make it happen.

José Sette

Executive Director
International Coffee Organization

In memoriam
Mr Robério Oliveira Silva
1963-2016



International Coffee Council and associated meetings

The International Coffee Council is the ICO's governing body. It meets twice a year to discuss wide-ranging issues with the aim of promoting a sustainable coffee sector.

119th Session: 13–17 March 2017 London, United Kingdom

The 119th Session of the International Coffee Council and associated meetings were presided over by the Chair of the Council, Ms Tanya Menchi of the United States.

Council decisions included

- Appointment of the new Executive Director
- Approval of bid by the Government of India to host the 5th World Coffee Conference in April 2020
- Approval of proposed Memorandum of Understanding with the African Fine Coffees Association, with the objective of promoting scientific and technical cooperation in African coffee-producing countries
- Approval of revised Staff Regulations and Staff Rules.

Also at the 119th Session, the Council

- Considered the current global coffee market situation
- Evaluated progress on the Strategic Review of the ICO
- Received a report on developments in Peru's coffee policy
- Noted details of two ongoing coffee development projects in Burundi and the Democratic Republic of the Congo.



H.E. Ms Elisabeth Hayek-Weinmann (El Salvador)
and H.E. Mr Iván Romero-Martínez (Honduras)



Mr José Sette

Appointment of new Executive Director

The Council appointed Mr José Sette as the ICO's new Executive Director from a field of nine candidates. A citizen of Brazil, Mr Sette has a strong background for the post and extensive experience in the field, previously serving as ICO's Executive Director ad interim from November 2010 to October 2011, and Head of Operations from November 2007 to December 2012.

In his presentation to the Council on his appointment, Mr Sette said that the ICO must be a modern international commodity body adapting to a changing world, while maintaining its relevancy. Coffee was a powerful instrument for social good and all parties present owed it to the more than 120 million people whose livelihood depended on coffee to work together to give them a better future.

*The ICO must be a
modern international
commodity body
adapting to a changing
world, while maintaining
its relevancy.*



Mr Aly Touré of Côte d'Ivoire

120th session: 25–29 September 2017 Yamoussoukro, Côte d'Ivoire

The 120th Session of the International Coffee Council and associated meetings were presided over by the Vice-Chair of the Council, Mr Aly Touré of Côte d'Ivoire.

Council decisions

The Council adopted several decisions at the Session, many of which were aimed at improving the Organization's transparency, governance and administration. These decisions included:

- Approval and implementation of the new Five-Year Action Plan for the ICO
- Approval and implementation of Programme of Activities 2017/18
- Approval and signature of Memorandum of Understanding with the Global Coffee Platform, the objective of which is to continue and expand public/private collaboration towards a sustainable, thriving coffee community while also contributing to the Sustainable Development Goals
- Formal signing of Memorandum of Understanding with the African Fine Coffees Association
- Election of Mr Aly Touré of Côte d'Ivoire as Chair of the Council, and Mr Michel de Knoop of the EU as Vice-Chair during coffee year 2017/18

Dates of future sessions

- 121st International Coffee Council:
9–13 April 2018 (Mexico City, Mexico)
- 122nd International Coffee Council:
17–21 September 2018 (London, United Kingdom)
- 123rd International Coffee Council:
8–12 April 2019 (venue tbc)
- 124th International Coffee Council:
23–27 September 2019 (London, United Kingdom).

During the week of the 120th Session of the Council, the ICO

- Hosted the 7th Consultative Forum on Coffee Sector Finance, including country case presentations from Brazil, Colombia, Honduras and Côte d'Ivoire
- Hosted a Statistical Workshop to support Members in improving the provision of statistical data.



Coffee served during this year's Council Sessions was kindly provided by Burundi, Cameroon, Colombia, Côte d'Ivoire, Honduras, Kenya, Mexico, Peru, Tanzania and Togo. Our sincere thanks to the Government of Côte d'Ivoire for hosting the 120th session of the International Coffee Council and associated meetings in Yamoussoukro.

With agriculture contributing to the first stages of strong and sustainable growth ...we must promote agricultural productivity and the processing of agricultural products to develop the secondary sector, which will, in turn, also stimulate the services sector, so that our products enjoy better access to external markets.

Opening Statement from H.E. Mr Souleymane Diarrassouba,
Minister of Commerce, Craft Industries and SMEs of Côte d'Ivoire
at the 120th Session of the International Coffee Council:
28 September 2017, Yamoussoukro (Côte d'Ivoire).

Coffee development projects

The International Coffee Organization, as the designated Supervisory Body for coffee of the Common Fund for Commodities (CFC), assists with monitoring the implementation of coffee development projects by, among other activities, reviewing the attainment of objectives, identifying constraints and checking expenditure.



As of 30 September 2017, 37 projects, with a total value of over US\$100 million, have received funding from the CFC (US\$52.4 million), from bilateral and multilateral donor institutions in the form of co-financing (US\$28.5 million), and from beneficiary countries in the form of counterpart contributions (US\$19.4 million).



30 September 2017

37 projects

Over

US\$100

million

Funded by CFC

US\$52.4

million

Co-financing

US\$28.5

million

Beneficiary countries
counterpart
contributions

US\$19.4

million

PROJECT CONCLUDED NOV 2016



Sustainable Credit Guarantee Scheme to promote scaling up of enhanced processing practices in Ethiopia and Rwanda (CFC/ICO/48)



Launched in 2011, this project was designed to improve the livelihoods of small-scale coffee farmers in Ethiopia and Rwanda on a sustainable basis. It aimed to promote the production of high quality coffee through the adoption of enhanced coffee processing practices. As a result, high quality coffee would attract premium prices in the market and thereby improve household income.

In Ethiopia, the project led to improved financial literacy and independence among the cooperatives involved in the scheme.

Project activities, led by the Centre for Agriculture and Biosciences International (CABI), included the provision of credit to coffee farmers by commercial banks in Ethiopia and Rwanda with guaranteed collateral provided by the CFC.

In Ethiopia, the project led to improved financial literacy and independence among the cooperatives involved in the scheme. Such a positive outcome was due largely to the comprehensive capacity-building and sensitization activities conducted in Ethiopia. However, there were still many challenges to address the issue of coffee sector finance in rural communities.

In Rwanda, the result was not as successful due to the difficulties encountered by cooperatives in accessing loans because of strict compliance rules and a high rate of defaults in repayment.

An important lesson here was that the success of a project depends heavily on an enabling environment. Nevertheless, this project contributed in both countries to improving compliance with banking requirements, building capacity for coffee farmers and loan officers in banks.

An important lesson here was that the success of a project depends heavily on an enabling environment.

COMPLETION EARLY 2018



Qualitative and quantitative rehabilitation of coffee: Democratic Republic of the Congo (CFC/ICO/51)



This four-year project aims to improve the living conditions of coffee farmers afflicted and displaced by war in the provinces of North and South Kivu. Funded mainly by the Common Fund for Commodities (CFC) through a grant, the project has a total cost of US\$1,611,447.

Of the total amount of grant provided by the CFC, an amount of US\$700,000 was donated by the OPEC Fund for International Development. The Project Executing Agency, VECO, a Belgian NGO, contributed a further US\$242,457.

Launched in 2014, the three main areas of activity include:

- Supporting the sustainable increase of coffee productivity for smallholder coffee farmers
- Improving farm gate coffee prices through quality improvement
- Enhancing the efficiency of the value chain through better governance of the coffee sector.

During implementation, a further three sub-components were added to improve the impact of the project through institutional capacity-building, access to international markets and entrepreneurship development.

Outcomes to date include:

- Establishment of commercial coffee nurseries under private management, leading to an increase in the number of coffee farms
- Training through farmer field schools to reinforce good agricultural techniques, such as weeding, pruning, restoration of soil fertility, pest and disease identification and control. As a result, coffee yields have substantially increased in a number of project areas, including Idjwi, Lubero and Beni

Funded mainly by the Common Fund for Commodities (CFC) through a grant, the project has a total cost of US\$1,611,447.

- Additional washing stations installed. With the improvement of post-harvest treatment of coffee, the price paid to farmers has increased as quality has improved.

This project is expected to be completed in early 2018.

ONGOING PROJECT



Promoting a sustainable coffee sector in Burundi

A sustainable coffee economy is based on the wellbeing of the various actors in the chain, particularly the producers who are usually the weakest link in this 'power relationship'. Launched in 2013, this project seeks to improve the skills of smallholder coffee farmers in Burundi, in order to increase the productivity and quality of their coffee so as to generate profit, improve their living standards and encourage the continuation of farming coffee as a profitable business.

Initiated by SUCAFINA S.A., a Swiss-based coffee trading company, and with technical assistance from the ICO, this project needs in total around US\$9.4 million. Project activities are grouped under three main components (agri-business development, community engagement and eco-sustainable management), covering seven communities in Nzgozi province, two communes in Karusi province, and one commune in Gitega province.

The Kahawatu Foundation, set up by the private sector, is responsible for implementation and has so far secured public-private partnership agreements to finance its activities, including: US\$1.1 million from IDH (the sustainable trade initiative) and SUCAFINA S.A. (early 2014); followed by an additional US\$500,000 from the German development agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) and SUCAFINA S.A. in late 2014.

Technical modules have been provided to promote good agricultural practices through training, workshops and farmer field schools,



leading already to an increase in productivity from 0.7 kg in 2013 to 1.8 kg per tree in 2017. Since the project started, over 9,000 farmers have been trained, of which 34% are women. Between 2015 and 2016 coffee exports increased by 42.3% from 331 metric tonnes to 471 metric tonnes.

The Kahawatu Foundation has also set up Village Saving and Loan Associations with their cooperatives. The groups provide loans to each other to invest in alternative activities to secure additional income for the household. This model has provided benefits to farmers of US\$70,000.

As in many African countries, women in Burundi face many challenges in coffee production as a business opportunity. For this reason, the Kahawatu Foundation is working on sensitizing community leaders and male farmers on the importance of women's participation. This has included the creation of a women's association of 130 members, with legal status and access to land. These women have created a model plantation with healthy coffee trees, composting plots, fodder trees as well as associated food crops. Workshops to build the capacity of women and strengthen their leadership skills have also been implemented.

This project is scheduled to conclude in 2018. Based on successful implementation in Burundi, this project has now been expanded to Rwanda and Uganda, with financial support from various donors.

PROJECT SEEKING FUNDS



Empowering women and youth to participate in the coffee value chain: Uganda



The aim of this project is to improve the standard of living of women and youth growing coffee through improved and sustainable production, value addition and marketing systems. It is designed to contribute to reducing the number of intermediaries in the

domestic market chain, increasing their share of international prices.

Endorsed by the International Coffee Council in 2016, the CFC is seeking development impact partners before launch.

PROPOSAL SEEKING FUNDS



Africa Coffee Facility



With technical assistance from the ICO Secretariat, the Interafrican Coffee Organization (IACO) has submitted to the African Development Bank a proposal for the creation of a coffee development fund known as the 'Africa Coffee Facility'. The objective of the Fund is to improve the livelihoods of small-scale coffee growers and maximize the contribution of coffee to national economies by enhancing the competitiveness of African coffee through good agricultural practices, development of business skills, fostering of stronger links to markets and investment, and the promotion of favourable national policies.

The total amount of the Fund is US\$150 million, which will be used to finance activities over 10 years. The private sector contribution is expected to be US\$10 million. The Board of the African Development Bank has requested the commitment of the private sector for a minimum amount of US\$1 million, representing 10% of its total contribution to the Fund, in order to guarantee the sustainability of the initiative before starting the programme. Consultations are underway to obtain a firm commitment from major roasters in Europe.

Markets, statistics and economics

The International Coffee Organization is the world's leading and most respected authority on coffee statistics, providing access to accurate and comprehensive statistical data, as well as high quality analytics related to the world coffee economy. As part of this we produce regular analysis of the world coffee market to Members and subscribers.



World coffee production in crop year 2016/17 was 157.4 million bags, 3.4% higher than last year.

152.3m ↗ **157.4m**



 Colombian Milds

7.15% ↑
price rise

 Other Milds

1.28% ↑
price rise

 Brazilian Naturals

5.14% ↑
price rise

 Robusta

24.62% ↑
price rise

Production in Vietnam, the second-largest coffee producer, is estimated to have fallen by 11.3% to 25.5 million bags.

World Coffee Market¹

Prices

The world coffee market started coffee year 2016/17 with the ICO composite indicator price briefly rising to just over 155 US cents/lb in the first week of November 2016. Prices drifted downwards for much of the rest of the coffee year, with rallies in some months (late January and early August 2017 in particular). The daily ICO composite indicator averaged 132.43 US cents/lb in coffee year 2016/17, ranging between 116.51 US cents/lb and 155.52 cents/lb. All four coffee groups followed a similar trend in 2016/17, though Robusta prices peaked later in the coffee year. Between 3 October and 7 November 2016, prices rose by 15.5% for Colombian Milds, 15.1% for Other Milds and 17.2% for Brazilian Naturals.

Robusta prices increased by 12.1% between 3 October 2016 and 1 February 2017. Although rallies occurred in some months, prices for the Arabicas groups generally declined in the rest of the coffee year by 22.6% for Colombian Milds, 27.7% for Other Milds and 26.2% for Brazilian Naturals. Prices for Robusta fell by 11.7% from 1 February 2017 until the end of the coffee year. Other Milds started the coffee year trading above Colombian Milds, but by mid-April this trend reversed, reflecting the differing availabilities of each group.

The following table shows annual averages for the ICO composite indicator price for coffee years 2010/11 to 2016/17:

ICO INDICATOR PRICES

	ICO	Colombian Milds	Other Milds	Brazilian Naturals	Robusta
2010/11	205.65	281.32	268.55	236.82	107.34
2011/12	169.82	222.95	206.77	195.77	102.41
2012/13	127.86	158.77	148.63	133.12	98.11
2013/14	141.00	178.44	179.43	152.80	95.86
2014/15	136.14	168.26	174.81	146.69	93.25
2015/16	121.30	148.19	157.55	131.62	83.14
2016/17	132.43	158.79	159.56	138.39	103.61
% change 2015/16 - 2016/17	9.18%	7.15%	1.28%	5.14%	24.62%

^{1/} Data in this report is based on the Quarterly Statistical Bulletins issued in April 2017 and October 2017 and the September 2017 Monthly Trade Statistics.

Production

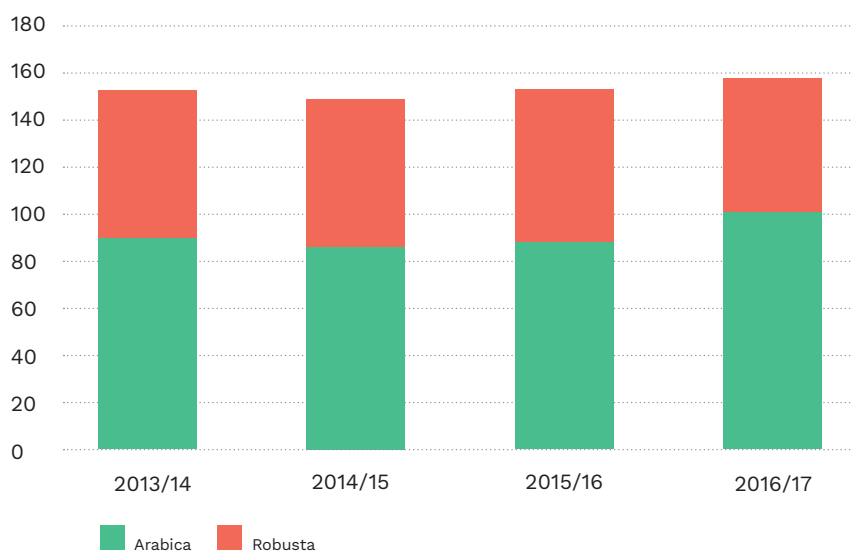
World coffee production in crop year 2016/17 was 157.44 million bags, 3.4% higher than last year. This is the second consecutive season in which production has increased. While global production of Robusta coffee declined by 12.2% to 55.89 million bags, Arabica production more than offset this loss, increasing to 101.55 million bags, 14.7% higher than in crop year 2015/16. Asia & Oceania, the largest Robusta-producing region, experienced a 9% decline in production to 45.08 million bags in crop year 2016/17. Production in Vietnam, the second-largest coffee producer, is estimated to have fallen by 11.3% to 25.5 million bags while Indonesia's output decreased by 6.7% to 11.49 million bags. African production rose by 5.3% to 17.21 million bags, as growth in the region's two largest producers offset losses in other countries. Ethiopia's production rose by 5.7% to 7.1 million bags while Uganda's output reached 4.9 million bags, up 34.3% on 2015/16. Production in Central America & Mexico grew by 16.3% to 20.27 million bags, due largely to growth in Honduras where output rose by 33% to 7.67 million bags. Mexico's production recovered by 24.1% to 3.6 million bags following several seasons of contraction while output in Guatemala increased by 2.6% to 3.5 million bags. Coffee production in South America grew by 8.6% to 74.88 million bags. Output in Brazil, the world's largest producer, increased by 9.2%, to around 55 million bags. In Colombia, the world's third largest producer, output rose to more than 14.5 million bags, 3.5% higher than in 2015/16.



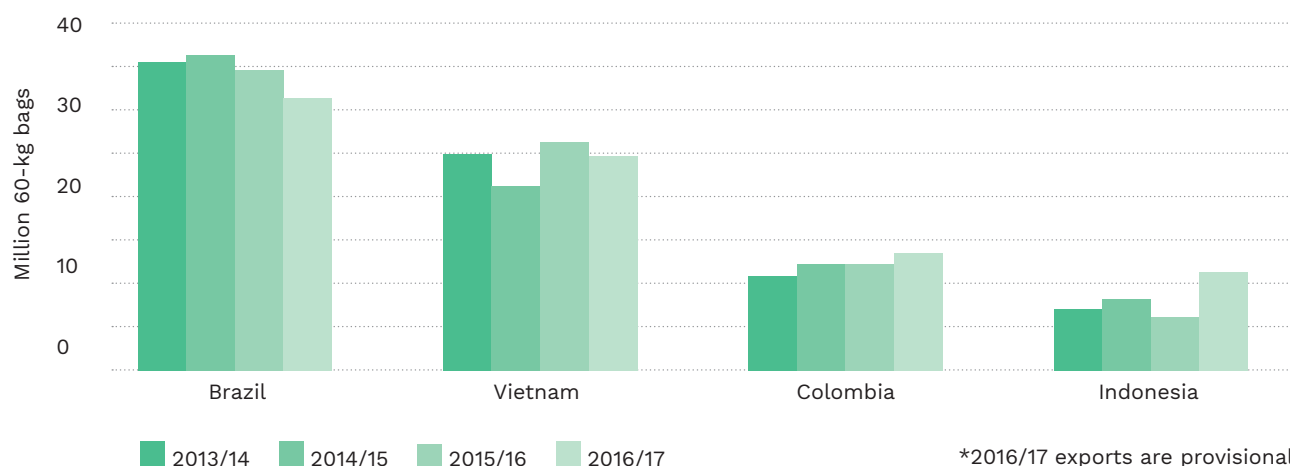
Consumption

World consumption is estimated to have declined slightly from 155.47 million bags in 2015/16 to 155.06 million bags in 2016/17. Consumption in importing countries is estimated to have declined by around 462,000 bags, while domestic consumption in exporting countries, which accounts for over 30% of global consumption, increased slightly to 48.3 million bags. Asia & Oceania as well as South America were the only two regions where consumption is estimated to have grown in 2016/17, rising by 0.2% to 33.67 million bags and 0.4% to 25.34 million bags, respectively. However, consumption is estimated to have declined by 0.5% to 10.74 million bags in Africa, 1.3% to 5.23 million bags in Mexico & Central America, 0.1% to 51.54 million bags in Europe, and 1.4% to 28.54 million bags in North America.

WORLD COFFEE PRODUCTION



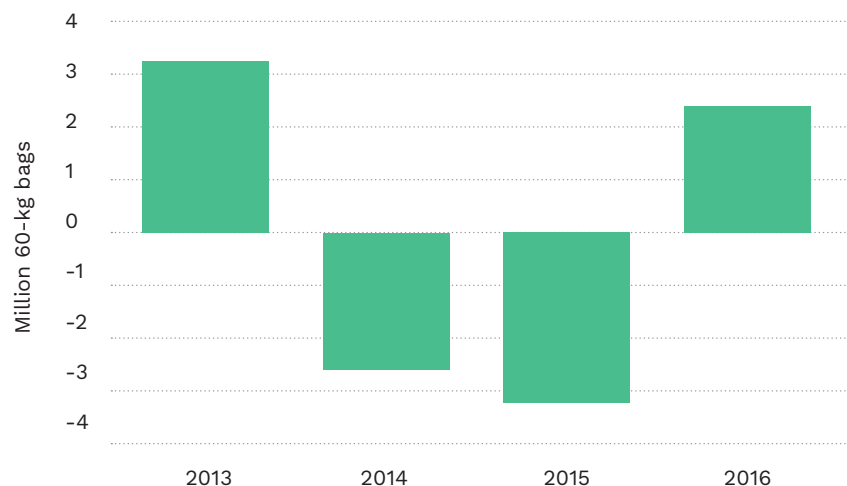
World coffee production in crop year 2016/17 was 157.44 million bags, 3.4% higher than last year.

TOTAL COFFEE EXPORTS (OCT–SEPT)**International Trade**

In coffee year 2016/17, provisional total exports amounted to 122.45 million bags, 4.8% higher than in 2015/16, which is the second consecutive season of growth and represents another record. Exports for all three Arabica groups registered year-on-year increases while Robusta exports declined by around 83,000 bags to 44.93 million bags. Colombian Milds rose by 8% to 14.66 million bags, Other Milds by 15.6% to 27.02 million bags and Brazilian Naturals by 2.6% to 35.84 million bags. Out of the ten largest exporters in coffee year 2016/17, only Brazil and Vietnam registered decreases compared to shipments in the previous season. Shipments from Brazil and Vietnam declined by 8.8%, to 31.58 million bags, and 6.4%, to 24.76 million bags, respectively. However, exports from Colombia rose by 9.6% to 13.49 million bags. Indonesia's exports nearly doubled to 11.1 million bags, while shipments from Honduras increased by 41.8%, to a record 7.29 million bags. Growth in production, coupled with decreased competition from Brazil, helped to boost exports from Colombia and Honduras.

Balance

After two consecutive years of deficit, stocks in producing countries at the start of the 2016/17 crop year had decreased from 21.09 million bags to 14.63 million bags. However, stocks are expected to have been replenished during the past year as global coffee output rose while consumption decreased slightly. As a result, coffee year 2016/17 is seen in surplus, with production exceeding consumption by 2.4 million bags and the market appears to have been well supplied at the start of coffee year 2017/18.

DIFFERENCE IN PRODUCTION AND CONSUMPTION



Mr Mick Wheeler from Papua New Guinea at the Statistics Roundtable

Improving statistics

High quality and trusted statistical information on the global coffee sector depends heavily on the data provided to the International Coffee Organization by its Members.

Improving Members' compliance with their obligations to supply statistical information remained an important topic in this coffee year. Out of 43 exporting Members, 2 (representing 4.7% of average exports in calendar years 2013 to 2016) were in full compliance, while 14 (representing 62.4% of average exports) achieved good or partial compliance for the period October 2016 to June 2017. However, 20 exporting Members failed to submit any data. Importing countries achieved full compliance with their obligations under the Rules on Statistics.

In March 2017, the Council approved the new market shares and weightings for the four groups of coffee used in the calculation of the ICO composite and group indicators, which are reviewed every two years in accordance with the Rules on Statistics: Indicator Prices. The revised market shares and weightings came into effect on 1 October 2017 (see document [SC-72/17](#)).

Improving Members' compliance with their obligations to supply statistical information remained an important topic in this coffee year.

Statistical Workshop: Yamoussoukro, Côte d'Ivoire

A Statistical Workshop, held during the week of the 120th Session of the International Coffee Council in September 2017, focused the attention of delegates on the Rules on Statistics, Members' compliance with these Rules, and the application and benefits of accurate and timely statistical data for effective decision-making and policy development. Several reasons for non-compliance were explored, including: potential under-reporting of exports when coffee is traded informally across land borders; lack of resources (both in terms of personnel and finance) due to weakened institutions responsible for reporting to the ICO; and disruption to or untimeliness of data submission due to changes in personnel or the need to coordinate with other agencies. Regional training that focused on improving data collection, data management and compliance was recommended.

Statistics Roundtable

The Statistics Roundtable met on three occasions during the coffee year. Composed of analysts from the coffee sector whose firms account for around 50% of world coffee trade, this forum provides a valuable opportunity for the ICO and interested parties to share statistical information and good practice. Along with discussion on the coffee statistics of the top six producing countries, members of the Roundtable recommended that the ICO should publish independent estimates when information received from Members is incomplete, delayed or inconsistent, as well as continue to carry out an ongoing and in-depth review of statistics to ensure consistency and accuracy.

COUNTRY COFFEE PROFILES

In addition to providing statistics on the global coffee market, the International Coffee Organization conducts detailed analysis of the sector. These country coffee profiles are important in improving the visibility of individual countries in the world coffee economy and identifying main characteristics and current issues.

This year we produced profiles on Cameroon and Italy, in close collaboration with the national coffee authorities and the private sector.



Cameroon

Located in central Africa, Cameroon covers a total area of 475,650 km², including 466,050 km² of land and 9,600 km² of water, with a total population estimated

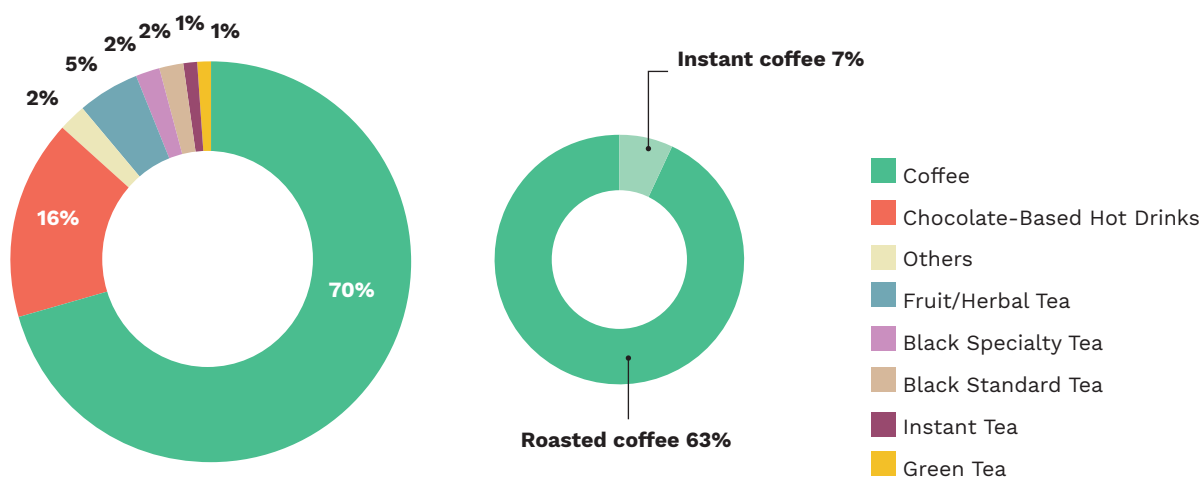
at 22.2 million inhabitants. Despite the diversification of its economy and the discovery of oil, agriculture remains the pillar of the national economy since the sector employs more than 80% of the workforce and contributes to nearly 25% of GDP and more than 25% of export earnings. Along with coffee, agricultural products in Cameroon include timber, tea, bananas, cocoa, natural rubber, palm oil, pineapple and cotton. More than three million people in Cameroon earn their living, directly or indirectly, from activities related to coffee.

Coffee production in Cameroon consists mostly of Robusta (90%) and a small share of Arabica (10%). The majority of coffee farms are smallholdings of less than three hectares, with an average of 0.5 hectares. The farming of the two types of coffee covers an area of almost 140,000 hectares with 400,000 farmers. However, over the last 20 years the country's total production has steadily declined from an annual average of 1.6 million bags during the 1990s to levels lower than 500,000 bags in crop year 2015/16. The

causes of this decline include ageing of the coffee trees and the rural population, difficulties in access to inputs (fertilizer, improved seeds), restricted access to modern agricultural techniques and other research innovations, limited access to credit and insufficient rural sector development support infrastructure. The major destinations for Cameroon's coffee exports are Italy (18.9% of total exports in 2016), Portugal (17.7%), France (17.3%), Germany (14.1%) and Belgium (13.8%).



HOT DRINKS CONSUMPTION IN ITALY IN 2016



Italy

Coffee was introduced in Italy and elsewhere in Europe during the 16th Century when its use was reported by a number of travellers

from the East. Coffee was described as the Eastern habit of taking “this excellent black drink which is in flavour similar to chicory.”

In the 21st Century, coffee consumption has continued to be in vogue among Italians who drink coffee not only in coffee shops, but also at home, thanks to the introduction of new types of coffee machines and capsules. Over the years, coffee capsules have become increasingly popular, exceeding one billion

euros in value in 2015. In 2016 Italy imported more than 10 million bags of coffee. Total consumption of Italy reached its highest level of 6 million bags in 2016, becoming the second largest consuming country in Europe after Germany.

Per capita coffee consumption was 5.8 kg in 2016, which was higher than in the United Kingdom (3.3 kg) and Spain (4.5 kg), but lower than in Sweden (10.1 kg) or Finland (12.2 kg). The hot beverage market in Italy is dominated by coffee, which represents 70% of the total market volume in 2016 of which 63% is related to the consumption of roasted coffee and only 7% to instant coffee consumption.



At first, the Catholic Church opposed coffee drinking in Italy. As it was considered to be a Muslim habit, a number of priests appealed to Pope Clement VIII to ban the beverage. The story goes that Pope Clement tried the ‘devil’s brew’ and decided that was so delicious it would be a sin to allow only infidels to drink it, and then renamed coffee to be a ‘Christian drink’. Thanks to the Pope’s favour, the popularity of coffee grew rapidly in Italy, not only among the aristocracy, but also among the rest of the population. Coffee was sold by street vendors together with lemonade and chocolate drinks. Coffee shops appeared in Rome, Turin, Genoa, Milan, Venice, Padua, Naples, Florence and Trieste, and became famous meeting-places for the educated, including writers, politicians and students over the centuries to come.

CONSULTATIVE FORUM ON COFFEE SECTOR FINANCE

The 7th Consultative Forum, which was held during the week of the 120th Session of the International Coffee Council, examined the determinants of an enabling environment for high productivity in coffee farming. Chaired by Mr Juan Esteban Orduz (Colombia), the Forum featured speakers from Brazil, Colombia, Honduras and Côte d'Ivoire².



Mr Silas Brasileiro, Executive President of the National Coffee Council (CNC) of Brazil, explained that over the past 20 years Brazil had succeeded in raising production considerably,

with annual output rising from 25 million bags to 51.4 million bags. This increase in production was the result of higher yields, which had more than doubled since 1996/97. As a result, less land was required to grow coffee. Over the past two decades, the planted area had decreased by 35%, fostering the environmental sustainability of production. He explained that Brazil had also successfully increased quality of output. Four main factors were identified as enablers of the increase in productivity: (i) research and technology; (ii) training and extension services; (iii) strong farmer organizations; and (iv) an efficient supply chain. Mr Brasileiro explained that the Brazilian Research Consortium coordinated by Embrapa Café organized the activities of 50 institutions in the area of developing new varieties and improving the use of inputs. Research results were disseminated to farmers via effective and well-funded extension services. Access of smallholder farmers to agricultural inputs and output markets was greatly improved by around 90 cooperatives operating across coffee-producing states. Finally, an efficient supply chain had reduced transaction costs from plantation to harbour, transferring on average 85% of the FOB (Free on Board) price to growers.



Mr Hernando Duque Orrego, Technical Director of the National Federation of Coffee Growers (FNC) of Colombia, stated that, after a strong decline between 2009 and 2012 due to coffee leaf

rust and excessive precipitation caused by the La Niña phenomenon, coffee production had increased steadily, reaching an average of around 18 million bags per annum in the last three years. Several steps had been taken to improve productivity in Colombia: (i) the use of new varieties resistant to coffee leaf rust, planted in 75% of the area under coffee, (ii) increased planting density; (iii) decreased average age of trees; and (iv) improved soil fertility. He noted that there were four distinct coffee growing regions in Colombia and over 200 demonstration plots across all regions had been used to study production systems for mitigating the negative impact of climate change on coffee production. Cenicafé, the main research institute in Colombia, had conducted research on coffee production at all stages in the various regions, and provided extension services to improve coffee farm management practices. A credit scheme promoting the planting of new tree varieties resistant to leaf rust had been implemented to provide 230,000 loans to smallholders, covering around 200,000 hectares.

2/ Presentations from the Consultative Forum are available at: <http://www.ico.org/Presentations-16-17.asp>



H.E. Mr Iván Romero-Martínez, Ambassador of Honduras to the United Kingdom, explained that over the last 10 years, production in Honduras had increased from 3.2 to 7 million bags, while the

average yield had advanced from 12.4 bags/ha to 18.8 bags/ha. Several factors had contributed to the increase in productivity, including improving knowledge through transfer of technology, extension agents and demonstration plots. Efforts were underway to reduce the average age of trees and to certify coffee seedlings. Other practices included monitoring for pests, instituting a crop management plan, and using integrated pest management. He explained that, in addition to supporting production, efforts had been made to increase both international and domestic consumption of coffee grown in Honduras in order to improve profitability. He considered that climate change was one of the main challenges for the Honduran coffee sector. One effort to mitigate the negative impact of climate change had been to increase the genetic base of coffee trees so as to include varieties that could adapt better to changing weather patterns. To maintain and strengthen growth in the coffee sector, the plan was to increase institutional capacity, provide more financing for producers and develop new varieties.



Mr Hyacinthe Legnate, Head of the Coffee Research Programme at the National Agricultural Research Centre (CNRA), provided an overview of the development of coffee research programmes

in Côte d'Ivoire aimed at productivity improvement. Formal breeding programmes in Côte d'Ivoire had been initiated 60 years ago with a strong focus on producing hybrid varieties. Since then the selection and dissemination of almost 20 different clones had helped to increase the yield potential to 3.5 tons per hectare. However, constraints faced by farmers had led to significantly lower yield levels under field conditions. He explained that future research would focus on increasing resistance against pests and diseases. With a view to increasing efficiency and reducing costs of manual harvest, he concluded that the second objective was to increase berry sizes and reduce the height of coffee trees.



Conclusions

Presentations were followed by a lively discussion among participants. Six factors were identified as key to providing an enabling environment for high productivity in coffee farming:

1. Research into new varieties
2. Dissemination of new varieties and modern farming techniques
3. Access to finance
4. Efficient logistics
5. Domestic consumption to stabilize demand
6. Strong coffee institutions.

Forum participants also concluded, however, that increased productivity was only one part of the equation. Only if the price of coffee was financially rewarding could economic sustainability in coffee farming be achieved.

ECONOMIC RESEARCH

The ICO carries out specialized research and analytical work to inform Members and other stakeholders about current issues in the coffee sector.

This coffee year we looked at (i) ways to increase value addition in the African coffee sector; (ii) the impact of price volatility on smallholders; and (iii) the implications of climate change for the future supply of coffee.

Value addition in the African coffee sector

The aim of this study ([ICC-120-7](#)) was to assess the level of value addition in Africa compared to other coffee-producing regions. The study confirmed that most of the value addition in the coffee supply chain occurs in importing countries. However, the value retained in producing countries could be increased by improving the quality of green coffee for export, building processing infrastructure to supply domestic markets, and by better integrating domestic coffee producers into national, regional and international markets.

While global output has increased by almost 60% since the first half of the 1990s, from 95.4 million bags to 151.6 million bags in 2016/17, coffee production in Africa has lost traction. The continent's share in global output decreased from 17.6% in 1990 to 10.8% in 2016 as production has broadly stagnated for more than two decades. Over the same period Africa's share in the total value of global exports fell from 21% to only 9.4%.

Achieving greater value addition requires investments at farm level into improved production techniques and the replanting of ageing trees. Coffee institutions, including research institutes that have long been neglected, need to be strengthened. At the same time physical infrastructure to reduce transport costs must be improved, while non-tariff trade barriers should be reduced and customs procedures simplified. This would disproportionately benefit landlocked countries.



Impact of price volatility

The ICO conducted a literature review of recently published studies on the impact of coffee price volatility on farming households and mitigation strategies ([SC-70/17](#)). Over the past years a significant body of literature has evolved.

Recent research shows that coffee growers are exposed to a variety of risks, but often lack the ability and tools to alleviate these threats. On the one hand, farmers are faced with significant production risk, e.g. frequent weather shocks as well as the spread of pests and diseases. On the other hand, market risk is related to volatile coffee prices that can significantly vary between production seasons. The volatility of commodity prices, which was higher in the 2000s than in previous decades, is likely to have contributed to increased market risk.



The studies showed that households coped with lower coffee prices by increasing off-farm wage labour of adults. With adults working elsewhere, this meant that children and adolescents filled the gap, working more hours on the farm and in home production with potentially negative effects on educational attainment.

Looking ahead, increased access to digital services, such as mobile money, could lead to welfare improvements for coffee farmers via lower transaction costs for buying and selling farm inputs and outputs ...

Furthermore, starting an enterprise was a common strategy of income diversification during periods of low coffee prices. To increase the profitability of micro-enterprises, coffee communities needed to be better linked with distant markets through improved physical infrastructure and the removal of international trade barriers.

Looking ahead, increased access to digital services, such as mobile money, could lead to welfare improvements for coffee farmers via lower transaction costs for buying and selling farm inputs and outputs, and through the ability to receive payment more easily. In order to facilitate rural households' access to modern digital technologies, the implantation of networks and services needed to be accelerated. This required an investor-friendly climate, reduction in bureaucracy and effective competition policies.

Climate change

We also reviewed articles in the area of assessing the impact of climate change on coffee production ([SC-75/17](#)). Specifically, the studies investigated how rising temperatures and changing rainfall patterns affect the suitability of land currently used for coffee production globally and at country level.

Coffee production is expected to be severely affected by climate change, resulting in lower yields and deteriorating quality, with negative consequences for producers whose livelihood depends on the cultivation of coffee.

By the end of this century, climate change will severely impact the spatial distribution of coffee production. Climate change is already having a negative impact on both Arabica and Robusta production and around 50% of the area where coffee is currently produced may be rendered unsuitable by 2050. At the same time some new areas, mostly at higher elevation, will become increasingly suitable.

Investments in locally appropriate adaptation of coffee production systems, including use of modern varieties, advanced farming techniques and irrigation, could mitigate some of the negative consequences of climate change in today's coffee-growing areas. In view of farmers' often limited access to finance, the implementation of sustainable farming methods should be supported by international and regional development banks. Long lead times of some adaptation measures, such as breeding for climate stress tolerance, need to be taken into account.

To meet the growing demand for coffee, adaptation measures need to be complemented by migration of coffee production, especially Arabica, to higher elevations. This will require farmers who currently do not produce coffee to develop skills and to undertake investments necessary to profitably grow coffee.



International partnerships and advocacy

To strengthen the global coffee sector and promote its sustainable expansion, the International Coffee Organization works actively with governments, non-governmental organizations and the private sector through international partnerships and advocacy.





This year we signed a Memorandum of Understanding with the African Fine Coffees Association and another with the Global Coffee Platform as a commitment to our partnership to support the development of a sustainable global coffee sector.



Industry events in
8 countries

ICO and the African Fine Coffees Association

A Memorandum of Understanding (MoU) between the ICO and the African Fine Coffees Association (AFCA) was approved in March 2017. The purpose of this collaboration is to promote technical and scientific cooperation in African coffee-producing countries.



The Chair of AFCA, Mr Ishak Lukenge, said:

Africa has a great opportunity to contribute significantly to the coffee sector, with a huge potential for increasing production and productivity. This new frontier requires concerted efforts from both governments and the private sector to collaborate and coordinate their efforts. This MoU signed between AFCA and the ICO is a critical step on this journey. The ICO provides a platform enabling governments and the private sector to exchange views on coffee policy, market conditions and trends. AFCA's mission is to grow Africa's coffee industry for the benefit of all, with a five-year strategic plan to drive the sustainable resurgence of the coffee industry in Africa.





ICO and the Global Coffee Platform

This coffee year, the ICO also signed a MoU with the Global Coffee Platform (GCP). Referred to as 'Cooperation for Vision 2030', this collaboration sets out the commitment by the ICO and GCP to promote sustainable development as a means of achieving social and economic progress in coffee-producing countries while protecting natural resources, and recognizes that wide public-private cooperation has the greatest potential to promote economic growth, reduce inequalities and improve living standards in coffee-producing countries.

Ms Annette Pensel, Executive Director of the GCP, said:

The ICO is the main intergovernmental body responsible for addressing the challenges the world coffee sector faces, so it is a cornerstone of public-private dialogue in our sector. This MoU demonstrates another step forward and our joint ongoing commitment to supporting a sustainable, thriving coffee community while at the same time enabling the coffee sector to contribute to the Sustainable Development Goals.



Industry events

The Executive Director and other ICO staff were also invited to present at high profile industry events:

- 1 Latin American Coffee Summit/ V International Women's Coffee Alliance**
Mexico

The Executive Director, Mr José Sette, made a speech as part of the Opening Ceremony of the Fifth conference of the International Women's Coffee Alliance in August 2017, on the importance of gender empowerment for the sustainability of the world coffee sector.
- 3 CeCafé Coffee Summit**
Brazil

The Executive Director, Mr José Sette, gave a presentation on 'Challenges to Supply and the World Coffee Trade' at the CeCafé Coffee Summit, an event organized in June 2017 by CeCafé – the Brazilian Coffee Exporters Council.
- 4 Agency for Robusta Coffee of Africa and Madagascar (ACRAM)**
Côte d'Ivoire

The Acting Head of Operations, Mr Denis Seudieu, gave a presentation at the ACRAM's 3rd Scientific Colloquium on coffee Robusta in March 2017.
- 5 World of Coffee**
Hungary

The Executive Director, Mr José Sette, participated in the World of Coffee organized by the Specialty Coffee Association in June 2017, engaging with delegates from Member countries and stakeholders in the coffee sector.
- 6 Interafrican Coffee Organization (IACO)**
Cameroon

The then Executive Director, Mr Robério Oliveira Silva also made a presentation at the 55th General Assembly of the IACO in November 2016, on the crucial importance of increasing domestic consumption in Africa to promote inclusive value chain transformation and contribute to global equilibrium between supply and demand.

2

1st World Coffee Producers Forum Colombia

The Executive Director, Mr José Sette, gave a presentation as part of the opening ceremony of the first ever World Coffee Producers' Forum in July 2017. Other participants included the Presidents of Colombia, Costa Rica, Honduras and the Vice-President of El Salvador, along with representatives of African, Asian and Latin American coffee producing and consuming countries.

7 FESTICOFFEE Cameroon

The Acting Executive Director, Mr Denis Seudieu also participated in the 5th edition of FESTICOFFEE in April 2017, an initiative developed to improve the coffee value chain for a sustainable coffee sector in Africa.

International initiatives

To further promote a sustainable global coffee sector, this year we have also explored further mutual collaboration with other institutions and initiatives, including Conservation International, the Global Adaptation Plan, the United Nations Conference on Trade and Development and the World Trade Organization.



8 African Fine Coffee Conference & Exhibition Ethiopia

ICO representatives, Mr David Moorhouse, then Acting Manager of the Organization and Mr Denis Seudieu, acting Head of Operations, made presentations at the 15th Conference and Exhibition of the African Fine Coffees Association in February 2017 on the positive impact on market liquidity from the financialization of coffee futures markets.

9 Sustainable Coffee Platform Indonesia

The then Executive Director, Mr Robério Oliveira Silva, delivered the opening speech at the Sustainable Coffee Event organized by the Indonesian Association of Coffee Exporters (GAEKI) and the Sustainable Coffee Platform Indonesia (SCOPI) in October 2016.

Outreach

The International Coffee Organization provides an important central source of objective information about the global coffee sector, not only to Members but all parties with an interest in coffee. We also actively engage with international educational institutions to raise the profile of coffee-related issues within the academic community, help stimulate debate and facilitate youth-led solutions to development issues in coffee-producing countries.

Library & Information

The International Coffee Organization has a unique Library containing an international reference collection, built up over 50 years, of more than 13,000 monographs (books, reports, theses, pamphlets, etc.) and over 200 periodical titles covering all aspects of coffee, as well as wider commodity trade and development issues.

The Organization offers its information services to the coffee industry, academics, the media and others, answering on average 2,000 queries a year. We also provide a subscription service to ICO publications.

This year visitors to the library represented a varied demographic, including schoolchildren curious to learn about coffee; university students; professors; embassy staff from ICO Member countries; journalists; writers; and coffee store owners, to name a few. Some of the research topics conducted by visitors included how to import coffee into China, the Bolivian coffee sector, specialty coffee, the history of the ICO, the coffee market, and the science and future of coffee.

The library collection is available for consultation by prior appointment: library@ico.org





Links with universities and schools

We were pleased to welcome H.E. Dr Martin Sajdik, Special Representative of the OSCE Chairperson-in-Office in Ukraine and in the Trilateral Contact Group, and students from the Global MBA programme at Long Island University in the United States. It was a pleasure for us to explain the role of the ICO, and explore the challenges and opportunities facing the global coffee sector.

Following the success of last year's visit, the Facultad de Derecho de ESADE (Universidad Ramon Llull, Barcelona, Spain), requested a visit for another group of 61 International Law and European Law students, accompanied by two professors. The students received a presentation on the important role of the Organization to promote a sustainable world coffee sector. After a Q&A session, the students took part in a quiz testing their knowledge about all aspects of coffee.

We also continue to strengthen our relationship with the Department of Agricultural Economics and Rural Development at the University of Göttingen.

Internships

The ICO Internship programme provides opportunities for students to undertake research into the activities of the Organization, specifically in the areas of Economics & Statistics and Library & Information Services.

This year interns conducted research and collected data to contribute to country coffee profiles on Cameroon and Italy.

The purpose of the programme is to not only have a positive influence on the individual intern's career, but also promote high-quality economic research on coffee-related issues.

Expressions of interest in the ICO internship programme can be submitted to: internships@ico.org



INTERNATIONAL COFFEE DAY 2017

International Coffee Day (ICD) is celebrated every year on 1 October, providing a valuable opportunity not only to celebrate coffee's journey from the farm to your local shop, but also to honour the men and women who grow and harvest the coffee we love.

Now in its third year, the profile of International Coffee Day continues to gain momentum. The theme this year was 'Coffee for you and me', in recognition of the capacity of coffee to bring families and friends together and its importance in the lives of both growers and consumers. This theme was highlighted in a video shot especially for ICD 2017, focusing on the contrasting lives of coffee farmers and consumers.

Members and the public around the world were encouraged to engage in the campaign, organizing and posting details of their own events to celebrate coffee, using the hashtag #InternationalCoffeeDay across social media, and the dedicated International Coffee Day website (internationalcoffeeday.org). The ICD website alone received details of a multitude of events in more than 40 countries around the world.

To further add to the celebrations, an International Coffee Day photo competition was launched, with cash prizes for the winner and two runners-up. The winning entry is featured on the cover of this Review.

We thank the All Japan Coffee Association and the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) of Mexico for their support, without which this year's celebration would not have been possible. Plans are now underway to celebrate International Coffee Day 2018.



INTERNATIONAL COFFEE DAY PHOTO COMPETITION



First runner up



Second runner up

Looking forward

Following an extensive strategic review of the International Coffee Organization (ICO) over the past three years, a new Five-Year Action Plan was approved at the 120th Session of the International Coffee Council.

The ICO's Five-Year Action Plan sets out the overall direction, priorities and key performance indicators (KPIs) of the Organization for the next five years in order to address the increasing challenges faced by the international coffee sector. It emphasizes the contribution of coffee to the achievement of the Sustainable Development Goals through income generation and poverty alleviation in coffee-producing countries heavily dependent on coffee. Supporting the implementation of the Five-Year Action Plan is an annual programme of activities.

Key activities for 2017/18

The 2017/18 coffee year will be the first year of the ICO's new Five-Year Action Plan. Our Programme of Activities for the Organization for coffee year 2017/18 anticipates the following activities:

Providing high quality statistical information

- Identify reasons for poor compliance with the Rules on Statistics by Member countries
- Address constraints resulting in poor compliance by Member countries
- Establish a comprehensive statistical database containing information relevant to Members and third parties
- Develop and/or disseminate relevant statistical and analytical output related to the global coffee sector.

Engaging with Members and third parties

- Provide a forum for dialogue on coffee-related issues
- Enhance communication with Members and the public
- Increase the ICO's outreach to Member and non-member countries
- Strengthen links with private sector organizations (private sector initiatives, associations, non-governmental organizations)
- Strengthen links with public organizations (international organizations and financial institutions) working in the field of international development and poverty alleviation.

Facilitating coffee sector development projects

- Assist in the preparation of coffee sector development project proposals
- Raise awareness of the challenges of the coffee sector among the donor community to mobilize funds for coffee sector development projects
- Share results from individual projects/interventions widely among the development community (donors, stakeholders, implementing parties, etc.).

Promoting consumption

- Promote International Coffee Day and other activities to promote consumption.

International Coffee Agreement 2007

The work of the International Coffee Organization (ICO) is governed by the International Coffee Agreement (ICA) 2007. The objective of this Agreement is to strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the sector.

Both exporting and importing countries can become a Contracting Party to the ICA 2007 by depositing an instrument of accession.

Nepal

Over the course of coffee year 2016/17, Nepal joined the ICO as an exporting Member. This brings the membership of the ICO to 43 exporting Members and 7 importing Members.

On his country's accession to the ICA 2007, H.E. Mr Durga Bahadur Subedi, said it was a landmark event for the development of the coffee sector in Nepal, which faced both opportunities and challenges. Confronted with the threat of climate change and the outbreak of pests and diseases, the Government of Nepal was focusing on the needs of smallholders and had an ambitious aim to produce high-quality coffee in the Himalayas.

The Ambassador expressed Nepal's commitment to the work of the ICO and its recognition of the need to create a sustainable coffee sector for the benefit of producers and consumers.

Papua New Guinea

Papua New Guinea, in accordance with its legal procedures, was applying the ICA 2007 provisionally and in December 2016 completed membership procedures by depositing an instrument of ratification.

Papua New Guinea is currently the 15th largest producing country in the world with an estimated production of 1.1 million 60-kg bags in crop year 2017/18, down from 1.2 million 60-kg bags in 2016/17. Coffee production is the backbone of the rural economy in the highlands provinces, and almost 90% of the coffee crop is produced by an estimated 370,000 smallholder producers nationwide.

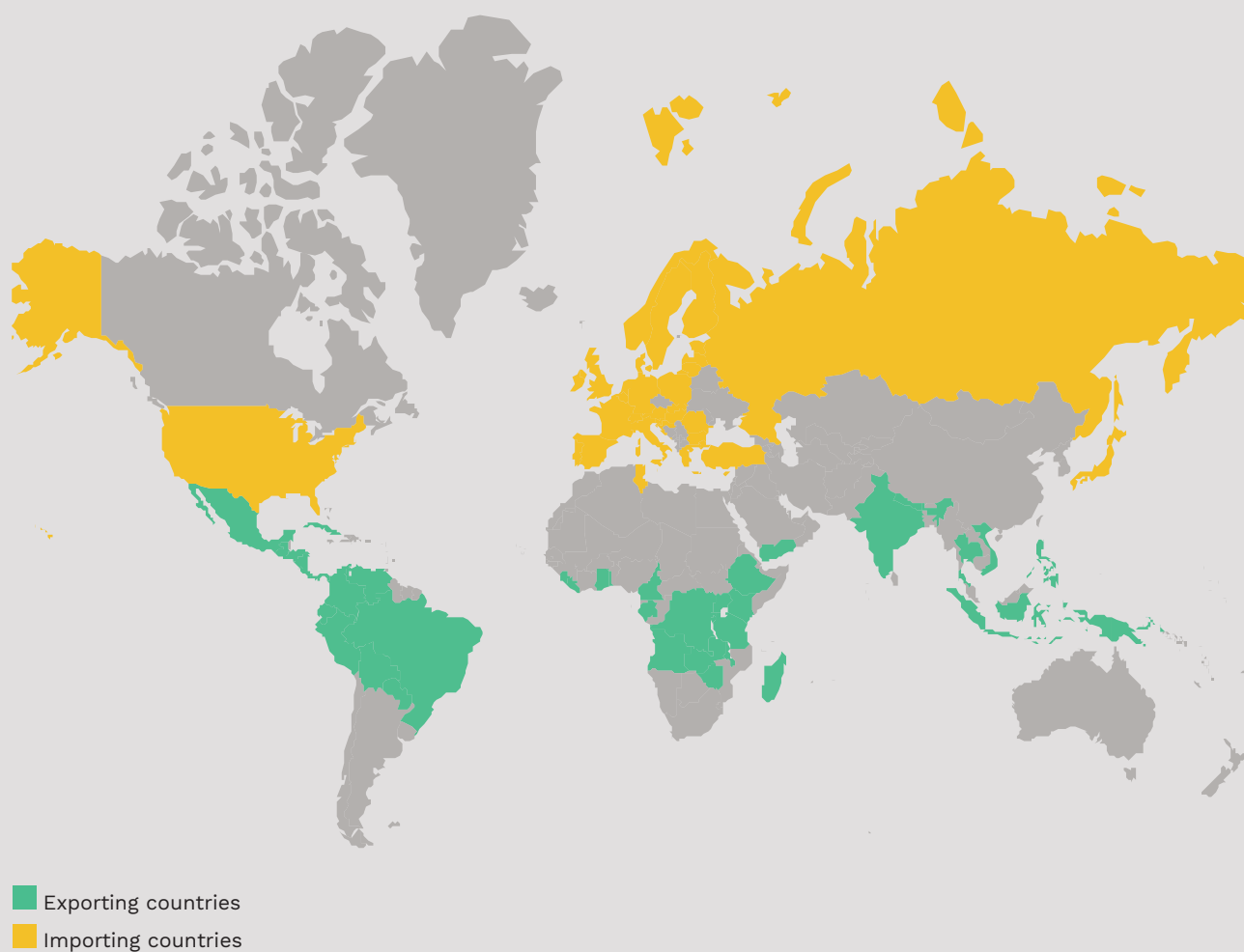
Papua New Guinea coffee exports accounted for 0.8% of the world exports in coffee year 2016/17. Europe and North America are the main trade partners together receiving 72% of Papua New Guinea coffee exports. The remaining 28% is almost exclusively exported to closer markets within Asia & Oceania.



Mr José Sette welcoming
H.E. Mr Durga Bahadur (Nepal) to the ICO

Members

Our Members represent the Governments of 98% of world coffee production and over 83% of world consumption.



Exporting Members - 44 (As at 31 December 2017)

 Angola	 Ecuador	 Madagascar	 Sierra Leone
 Bolivia, Plurinational State of	 El Salvador	 Malawi	 Tanzania
 Brazil	 Ethiopia	 Mexico	 Thailand
 Burundi	 Gabon	 Nepal	 Timor-Leste
 Cameroon	 Ghana	 Nicaragua	 Togo
 Central African Republic	 Guatemala	 Panama	 Uganda
 Colombia	 Honduras	 Papua New Guinea	 Venezuela, Bolivarian Rep. of
 Congo, Dem. Rep. of the	 India	 Paraguay	 Vietnam
 Costa Rica	 Indonesia	 Peru	 Yemen
 Côte d'Ivoire	 Kenya	 Philippines	 Zambia
 Cuba	 Liberia	 Rwanda	 Zimbabwe

Importing Members - 7 (As at 31 December 2017)

 European Union		Rest of world	
 Austria	 Germany	 Poland	 Japan
 Belgium	 Greece	 Portugal	 Norway
 Bulgaria	 Hungary	 Romania	 Russian Federation
 Croatia	 Ireland	 Slovakia	 Switzerland
 Cyprus	 Italy	 Slovenia	 Tunisia
 Czech Republic	 Latvia	 Spain	 United States of America
 Denmark	 Lithuania	 Sweden	
 Estonia	 Luxembourg	 United Kingdom	
 Finland	 Malta		
 France	 Netherlands		

Finance & Administration

Governance and management

The Organization's governance, through the International Coffee Council, is defined in the International Coffee Agreement 2007.

The Executive Directors in coffee year 2016/17 were Mr Robério Oliveira Silva (until December 2016) and Mr José Sette (from May 2017).

The Executive Director is supported by a Senior Management Team:

- Mr Denis Seudieu, Head of Operations (from December 2016)
- Mr David Moorhouse, Head of Finance and Administration (until March 2017)
- Mr Sean Garden, Head of Finance and Administration (from April 2017).

Resources

The activities of the International Coffee Council are financed by contributions from Member Governments based upon their average coffee exports or imports. The total budget amounted to £3,040,000 in 2016/17, with the financial statements of the Organization audited on an annual basis.

Monitoring the Programme of Activities

The ICO's Programme of Activities specifies the actions to achieve the objectives of the Five-Year Action Plan, approved during the 120th Council Session in Yamoussoukro (Côte d'Ivoire) in September 2017. The Action Plan sets out the overall direction, priorities and key performance indicators (KPIs) of

the Organization for the next five years in order to address the increasing challenges faced by the coffee sector. Information on the status of the delivery of the actions is provided by the Secretariat to the Council.

ICO Secretariat

The headquarters of the ICO successfully moved to its new premises at 222 Gray's Inn Road, London, United Kingdom in April 2017. The office was refurbished, retaining some of the ICO's existing furniture in order to provide a familiar and inviting atmosphere, while importantly saving costs. As these new premises do not offer conference facilities, the ICO will need to hire external space for ICO meetings and Member countries may also wish to host such events. The new location provides easy access to London's transport links to the underground, bus and international rail and air services.



Office holders 2016/17

International Coffee Council

Chair: Ms Tanya Menchi (USA)

Vice-Chair: Mr Aly Touré (Côte d'Ivoire)

Finance and Administration Committee

Chair: Mr Abdoulaye Nana (Cameroon)

Vice-Chair: Ms Stephanie Küng (Switzerland)

Exporting Members: Brazil, Cameroon, Colombia, Indonesia, Uganda and Vietnam

Importing Members: European Union, Japan, Russian Federation, Switzerland and the USA

Projects Committee

Chair: Ms Ina Grohmann (EU-Germany)

Vice-Chair: H.E. Mr Iván Romero-Martínez (Honduras)

Exporting Members: Brazil, Colombia, Côte d'Ivoire, Honduras, India, Indonesia, Nicaragua and Tanzania

Importing Members: European Union, Switzerland and the USA

Promotion and Market Development Committee

Chair: Ms Vera Espíndola Rafael (Mexico)

Vice-Chair: Ms Amy Diggs (USA)

Exporting Members: Brazil, Colombia, Guatemala, India, Kenya, Mexico, Togo and Vietnam

Importing Members: European Union, Switzerland and the USA

Statistics Committee

Chair: Mr Piotr Krawczyk (EU-Poland)

Vice-Chair: Mr Juan Esteban Orduz (Colombia)

Exporting Members: Brazil, Colombia, Congo Dem. Rep. of the, Costa Rica, Ghana, India, Indonesia and Mexico

Importing Members: European Union, Switzerland and the USA

Private Sector Consultative Board (PSCB)

Chair: Mr Ramaz Chanturiya (Rusteacoffee)

Vice-Chair: Mr Ricardo Arenas (Anacafé)

Producer representatives (alternates in italics)

Colombian Milds:

Federación Nacional de Cafeteros de Colombia (FNC),

Sociedad Exportadora de Café de las Cooperativas de Caficultores (EXPOCAFÉ),

Asociación de Exportadores de Café de Colombia (ASOEXPORT),

African Fine Coffees Association (AFCA)

Other Milds:

Asociación Nacional del Café de Guatemala (Anacafé),

Specialty Coffee Association of Panama (SCAP)

Brazilian and Other Natural Arabicas:

Conselho dos Exportadores de Café do Brasil (CeCafé),

Associação Brasileira da Indústria de Café Solúvel (ABICS),

Associação Brasileira da Indústria de Café (ABIC),

Conselho Nacional do Café (CNC),

Confederação da Agricultura e Pecuária do Brasil (CNA),

International Women's Coffee Alliance (IWCA)

Robustas:

Conseil du Café-Cacao (3C),

Indonesian Coffee Exporters Association (GAEKI),

Uganda Coffee Federation (UCF)

Consumer representatives

All Japan Coffee Association (AJCA),

Coffee Association of Canada (CAC),

European Coffee Federation (ECF),

Institute for Scientific Information on Coffee (ISIC),

National Coffee Association of USA (NCA),

Russian Association of Tea and Coffee Producers (Rusteacoffee),

Specialty Coffee Association of America (SCAA),

Speciality Coffee Association of Europe (SCAE)

Consultative Forum on Coffee Sector Finance

Chair: Mr Juan Esteban Orduz (Colombia) (also Chair of Core Group)

Vice-Chair: Mr Ödön Pál Ságues (EU-Spain)

Core Group on the Consultative Forum (2015/16 and 2016/17)

Exporting Members: Bolivia, Colombia, Côte d'Ivoire, El Salvador, Ethiopia, Uganda

Importing Members: European Union, Russian Federation, Switzerland and the USA

Ex-officio Member: Executive Director

Assisted by: Chair of PSCB and four advisors:

Ms Noemí Pérez (Fast), Mr Roy Parizat (World Bank), Mr Silas Brasileiro (Conselho Nacional do Café, Brazil) and Mr Nicolas Tamari (Sucafina SA)

Virtual Screening Subcommittee

Chair: Executive Director

Exporting Members: Brazil, Côte d'Ivoire, Guatemala, Indonesia

Importing Members: European Union and the USA

ORGANIZATIONAL STRUCTURE



INTERNATIONAL COFFEE COUNCIL

**Private Sector
Consultative Board**

**Consultative Forum
on Coffee Sector Finance**

World Coffee Conference

**Finance and Administration
Committee**

Projects Committee

**Promotion and Market
Development Committee**

Statistics Committee



**INTERNATIONAL
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